

Northern Oil and Gas *BULLETIN*



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2002 Central Mackenzie Valley and Beaufort Sea/Mackenzie Delta Call for Bids

Bids Invited

The Minister of Indian Affairs and Northern Development, Canada is inviting bids on petroleum exploration rights totalling approximately 132 500 hectares to three(3) parcels in the Central Mackenzie Valley and Mackenzie Delta regions of the Northwest Territories and adjacent Beaufort Sea.

Three parcels for bid are identified on the attached maps. Parcel 1 (85 402 ha) is 20 km northwest of Norman Wells in the Sahtu settlement region of the Central Mackenzie Valley. Parcels 2 and 3 lie in the Inuvialuit settlement region; parcel 2 (18 912 ha) on the western fringe of the Mackenzie Delta, and parcel 3 (28 190 ha) in coastal waters of Kugmallit Bay north of Tuktoyaktuk, in the waters of Tuktoyaktuk Harbour and underlying the town site.

The parcels are formally described in the Call for Bids document using the Frontier Lands Grid System (described in the Call for Nominations). In some areas Crown lands may abut lands where petroleum rights are held under existing rights, or lands where mineral rights are privately held. Where this boundary is irregular it should be noted that any parts of lands described in the call document which do not belong to Her Majesty in Right of Canada or in respect of which Her Majesty in Right of Canada does not have the right to dispose of or exploit the natural resources are excluded from the lands open for bid.

The Call for Bids closes at **noon** Mountain Time, on **May 13th, 2002**.

Terms and conditions

Terms and conditions of the Call for Bids are described in the official call document, the *2002 Central Mackenzie Valley and Beaufort Sea Mackenzie Delta Call for Bids*, available at the Frontier Information Office of the National Energy Board at 444-7th Avenue S.W. in Calgary, Alberta and posted on the Northern Oil and Gas Website (http://www.ainc-inac.gc.ca/oil/act/cal/index_e.html)

The bid selection criterion remains the total amount of money that the bidder proposes to spend doing exploratory work on the parcel during period 1 of the term of the exploration licence. A deposit of 25% of the bid amount must be submitted with the bid.

The term of the exploration licence consists of two consecutive periods. The term of an exploration licence issued for parcel 1 is eight years consisting of two consecutive periods of four years each. The term of exploration licences issued for parcels 2 and 3 is nine years consisting of two consecutive periods of five and four years. The drilling of a well during period 1 of the term qualifies the licence holder to retain the licence for period 2, whether or not the total amount bid has been spent. Any excess bid deposit will be forfeit.

A drilling deposit of \$1 million may be submitted at the end of first period to obtain a one-year period of grace to commence the required well. The deposit is refundable on drilling the well.

Environmental Studies Research Fund (ESRF) Levies

Exploration licences are subject to the payment of ESRF levies in accordance with section 81 of the *Canada Petroleum Resources Act*. Prospective bidders should refer to the ESRF website at <http://www.esrfunds.org/> Current annual levies are \$0.1778 per hectare for region 17 (Beaufort South) and \$0.1508 per hectare for region 25 (Mackenzie Delta) and 26 (Mackenzie North).

Call for Nominations closes in Nunavut

No nominations were received for the second Arctic Islands of Nunavut Call for Nominations which closed on January 7th 2002.

Sharply lower prices for natural gas and oil during the second half of 2001 have affected exploration budgets. Despite the high potential in this region, it is probable that lower prices have subdued enthusiasm for exploration commitments in areas remote from potential pipeline development.

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